

AMENDED IN ASSEMBLY APRIL 27, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2441

Introduced by Assembly Member Tom Berryhill

February 19, 2010

An act to amend Section 890 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2441, as amended, Tom Berryhill. Natural gas surcharge.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law relative to the restructuring of the natural gas industry requires the commission to require each gas corporation to provide bundled basic gas service, as defined, to all core customers in its service territory unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. Existing law requires the commission to establish a surcharge on all natural gas consumed in the state to fund certain low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development.

This bill would require the commission to ~~set the surcharge rate established by the commission for large commercial and industrial noncore end-use customers, as defined, at 25% of the surcharge rate for other customers~~ *open a ratemaking or other appropriate proceeding*

to reexamine the allocation of the natural gas surcharge on the different ratepayer classes and would require the commission to consider job creation, job retention, and job training as part of the reexamination.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 890 of the Public Utilities Code is
2 amended to read:

3 890. (a) On and after January 1, 2001, there shall be imposed
4 a surcharge on all natural gas consumed in this state. The
5 commission shall establish a surcharge to fund low-income
6 assistance programs required by Sections 739.1, 739.2, and 2790
7 and cost-effective energy efficiency and conservation activities
8 and public interest research and development authorized by Section
9 740 and not adequately provided by the competitive and regulated
10 markets. ~~The commission shall set the surcharge rate for large~~
11 ~~commercial and industrial noncore end-use customers at 25 percent~~
12 ~~of the surcharge rate for other customers. For purposes of this~~
13 ~~subdivision, "large commercial and industrial noncore end-use~~
14 ~~customers" means those entities using more than 20,800 therms~~
15 ~~from the burning of natural gas in any given month. Upon~~ *markets.*
16 *Upon* implementation of this article, funding for those programs
17 shall be removed from the rates of gas utilities.

18 (b) (1) Except as specified in Section 898, a public utility gas
19 corporation, as defined in subdivision (b) of Section 891, shall
20 collect the surcharge imposed pursuant to subdivision (a) from
21 any person consuming natural gas in this state who receives gas
22 service from the public utility gas corporation.

23 (2) A public utility gas corporation is relieved from liability to
24 collect the surcharge insofar as the base upon which the surcharge
25 is imposed is represented by accounts which have been found to
26 be worthless and charged off in accordance with generally accepted
27 accounting principles. If the public utility gas corporation has
28 previously paid the amount of the surcharge it may, under
29 regulations prescribed by the State Board of Equalization, take as
30 a deduction on its return the amount found to be worthless and
31 charged off. If any accounts are thereafter collected in whole or
32 in part, the surcharge so collected shall be paid with the first return

1 filed after that collection. The commission may by regulation
2 promulgate other rules with respect to uncollected or worthless
3 accounts as it determines to be necessary to the fair and efficient
4 administration of this part.

5 (c) Except as specified in Section 898, all persons consuming
6 natural gas in this state that has been transported by an interstate
7 pipeline, as defined in subdivision (c) of Section 891, shall be
8 liable for the surcharge imposed pursuant to subdivision (a).

9 (d) The commission shall annually determine the amount of
10 money required for the following year to administer this chapter
11 and fund the natural gas related programs described in subdivision
12 (a) for the service territory of each public utility gas corporation.

13 (e) The commission shall annually establish a surcharge rate
14 for each class of customer for the service territory of each public
15 utility gas corporation. A customer of an interstate gas pipeline,
16 as defined in Section 891, shall pay the same surcharge rate as the
17 customer would pay if the customer received service from the
18 public utility gas corporation in whose service territory the
19 customer is located. The commission shall determine the total
20 volume of retail natural gas transported within the service territory
21 of a utility gas provider, that is not subject to exemption pursuant
22 to Section 896, for the purpose of establishing the surcharge rate.

23 (f) The commission shall allocate the surcharge for gas used by
24 all customers, including those customers who were not subject to
25 the surcharge prior to January 1, 2001.

26 (g) (1) *The commission shall open a ratemaking or other*
27 *appropriate proceeding to reexamine the allocation of the*
28 *surcharge imposed pursuant to this article on the different*
29 *ratepayer classes. As part of the reexamination, the commission*
30 *shall consider job creation, job retention, and job training. If the*
31 *commission revises the allocation for a public utility gas*
32 *corporation that is not both an electrical corporation and a gas*
33 *corporation, two years after implementing the revised allocation,*
34 *the commission shall report to the Legislature on whether the*
35 *amended allocation affected job creation, job retention, and job*
36 *training.*

37 (2) *A report submitted pursuant to paragraph (1) shall be*
38 *submitted in compliance with Section 9795 of the Government*
39 *Code.*

1 (3) *The requirement for submitting a report imposed under*
2 *paragraph (1) becomes inoperative on January 1, 2017, pursuant*
3 *to Section 10231.5 of the Government Code.*

4 ~~(g)~~

5 (h) The commission shall notify the State Board of Equalization
6 of the surcharge rate for each class of customer served by an
7 interstate pipeline in the service territory of a public utility gas
8 corporation.

9 ~~(h)~~

10 (i) The State Board of Equalization shall notify each person
11 who consumes natural gas delivered by an interstate pipeline of
12 the surcharge rate for each class of customer within the service
13 territory of a public utility gas corporation.

14 ~~(i)~~

15 (j) The surcharge imposed pursuant to subdivision (a) shall be
16 in addition to any other charges for natural gas sold or transported
17 for consumption in this state. Effective on July 1, 2001, the
18 surcharge imposed pursuant to this article shall be identified as a
19 separate line item on the bill of a customer of a public utility gas
20 corporation.

21 ~~(j)~~

22 (k) Notwithstanding subdivision (a), public utility gas
23 corporations shall continue to collect in rates those costs of
24 programs described in subdivision (a) of Section 890 that are
25 uncollected prior to the operative date of this article.